GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:5022
ANSWERED ON:25.04.2003
INTEREST ON HBA
SURESH CHANDEL

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

:

(a) whether there is a disparity on rebate being allowed or interest accruing on House Building Advance to the Central Government employees who have taken HBA;

(b) if so, whether the Central Government employees who have taken HBA before 1999 are paying more than 11 per cent interest;

(c) if so, the limit of rebate on interest in their case for the purpose of calculating income tax has been fixed at Rs. 30,000/- whereas in the case of the Central Government employees who took HBA after 1999 has been fixed at Rs. 1.50 lakhs; and

(d) if so, the corrective steps likely to be taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN)

(a): No rebate is allowable on interest accruing on HBA to the Central Government employees or any other similarly placed individuals. However, a deduction on account of interest accrued on HBA is allowable subject to the limits prescribed u/s 24(b) of the Income-tax Act, 1961.

(b): Central Government employees who have availed HBA in the slab of Rs. 5 − 7.5 lakhs before 1999 are liable to pay more than 11% interest, as per OM dated 16.12.1997, issued by Ministry of Urban Development.

(c): The deduction on account of interest payable on HBA and other housing loans, as per the IT Act is limited to Rs. 30,000/- for the loans taken before 1.4.99 and Rs. 1.50 lakhs, for the loans taken thereafter in respect of self occupied property.

(d): The monetary limit of interest allowance in respect of self occupied house property reflects the policy decisions of the Government approved by the Parliament vide Finance Acts. Monetary limits for various incentives/ deductions under the Income-tax Act are modified taking into account the relevant economic circumstances prevailing at a particular time. No changes/ modifications are contemplated at the moment.